

June 27, 2002

To: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne Brathwaite Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

**PRELIMINARY REPORT - REDEVELOPMENT AGENCY OF THE CITY OF CUDAHY
CITY-WIDE REDEVELOPMENT PROJECT (FIRST DISTRICT)**

On February 4, 1997, your Board instructed my office to prepare a report on each newly proposed redevelopment project area at the preliminary draft plan phase. In a memorandum dated February 11, 1997, we advised your Board of the types of notifications the County receives on new redevelopment projects and the reports, which will be provided to your Board. Consistent with that process, we are advising your Board that the Redevelopment Agency of the City of Cudahy sent us the Preliminary Report for the proposed City-wide Redevelopment Project. This Preliminary Report includes the following information:

- Map of Project Area (Attachment I)
- Project Area Description - physical/economic conditions of blight (Attachment II)
- List of Planned Projects (Attachment III)
- Impact on County General Fund (Attachment IV)

The information on the project area and the physical and economic conditions of blight (Attachment II) was extracted from the Preliminary Report. While this office has not conducted an in-depth analysis to verify or substantiate information set forth in the Preliminary Report, it is the conclusion of our cursory examination and tour of the Project Area that the proposed project generally reflects blighting conditions consistent with legal requirements.

The proposed project area encompasses approximately 512 acres, including virtually all of the land in the City that is not within the existing redevelopment project area. The Project Area primarily consists of residential areas. According to the Preliminary Report, the Agency is proposing redevelopment activities including: commercial rehabilitation, public improvements, and low and moderate-income housing.

Upon addressing a minor concern expressed by County staff (the inclusion of the Flood Control Channel and parcels currently in the City of Bell), the City adopted the project at a joint public hearing on June 18, 2002. We should note that we normally advise your Board of an agency's preliminary report prior to adoption of the project. In this case, the preliminary report notice was inadvertently overlooked by staff, resulting in this late advisement. However, as noted, CAO staff met with Cudahy representatives earlier in the process and resolved minor concerns.

If you have any further questions regarding this information, please call me, or your staff may call Robert Moran of my office at (213) 974-1130.

DEJ:LS
MKZ:RTM:os

Attachments

c: Executive Officer, Board of Supervisors
 County Counsel
 Auditor-Controller

PROJECT AREA DESCRIPTION
PHYSICAL AND ECONOMIC CONDITIONS OF BLIGHT
(From Agency's Preliminary Report)

- **Physical Blighting Conditions:**

The following is a brief summary of the physical conditions in the Project Area:

- 2,024 of 2,436 structures (83 percent) in the Project Area are classified as deteriorating structures, with 382 of the 2,024 structures (19 percent) showing signs of significant damage that may lead to serious health and safety problems.
- 1,135 of 1,973 buildings (58 percent), where date of construction is known, were built between 1940 and 1969. The advanced age of the buildings contributes to lower assessed values, deficiencies in seismic safety, and the likely presence of lead-based paint and asbestos.
- The Housing Element of the City's General Plan reports 4.34 persons per dwelling unit, which exceeds the Los Angeles regional average of 2.78 persons per dwelling unit by 56 percent. Census data indicates that 52.75 percent of occupied housing units in the City are overcrowded, and 33.3 percent are severely overcrowded. These figures are significantly higher than the County's numbers, which are 18.59 percent and 11.65 percent, respectively.
- 14 of the 16 commercial/office uses in the proposed project area show signs of obsolescence such as low-end/marginal uses, substandard building design and materials, lack of site development, and inadequate truck loading.

- **Economic Conditions of Blight:**

The following is a brief summary of the economic conditions of blight that exist in the Project Area:

- Declining property values: from 1995-2000, the value per square foot of single-family residential land decreased from \$23.04 to \$17.72.
- For persons 25 years or older in the City, 32.3 percent have received a high school diploma, as compared to 70 percent for the Los Angeles/Long Beach areas as a whole. For persons 25 years or older in the City, 1.2 percent have received a degree from a 4-year college, as compared to 14.5 percent for the Los Angeles/Long Beach areas as

a whole.

- 83.1 percent of all occupied housing units in the City are renter-occupied, as compared to 51.8 percent in the Los Angeles/Long Beach areas as a whole.
- 27.54 percent of the City households are below the poverty level, as compared to 15.07 percent in the Los Angeles/Long Beach areas as a whole.

LIST OF PLANNED PROJECTS**Estimated Project Costs**

Item or Program	Amount
Economic Development Business attraction and retention, commercial rehabilitation	\$ 3,500,000
Public Infrastructure Improvements Streets, water and sewer, utility undergrounding, park and recreation improvements	\$ 22,500,000
Low and Moderate Income Housing	\$ 48,752,000
Administrative and Contingency Expenses	\$ 9,950,000

TOTAL **\$ 84,702,000**

IMPACT ON COUNTY GENERAL FUND

Project No. 3

Limits of Plan

- **Incurring Debt:** 20 years from adoption
- **Time limit on receiving Tax Increment:** 45 years from adoption
- **Time limit on Redevelopment Activities:** 30 years from adoption
- **Time limit on commencing eminent domain:** 12 years from adoption

Estimated Project Revenues

- **Assumed Annual Real Property Growth Rate:** 4.5%
- **Base Year Assessed Valuation:** \$243,496,000
- **Gross Estimated Increment (45 year collection):** \$243,750,000
- **Housing Set-Aside (20% minimum amount):** \$48,752,000
- **County General Fund Revenue With Project:** \$28,075,756
- **County General Fund Revenue Without Project:** \$16,490,507 - \$58,264,646
- **Net 45-year Difference to County General Fund:** (\$30,188,890) - \$11,585,249
- **Net County Loss Present Value:** (\$7,372,935) -
\$1,721,254

* Note: Estimated impact to County General Fund is based on comparing County General Fund revenue **with the proposed project**, based on the Agency estimate of growth, with County General Fund revenue **with no project**. The "no project" scenario includes a range of assumptions, from: a conservative 2 percent annual growth in the area to a more aggressive 4.5 percent annual growth envisioned by Agency as part of the proposed project. In other words, as the County is unable to estimate what will occur in the project area without a project, the "no project" scenario ranges from an assumption that minimal activity would occur in the area without the project (in which case the County would actually benefit from adoption of the project), to an assumption that project-related development and increased values would occur even without adoption of the project. County General Fund losses in this more aggressive scenario would be significant.